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BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

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SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

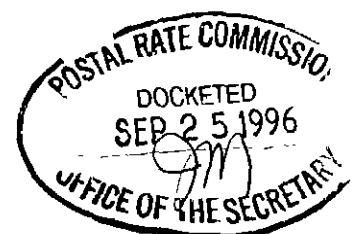
DIRECT TESTIMONY
OF
DOUGLAS F. CARLSON

September 25, 1996

Dated: September 25, 1996

Douglas F. Carlson

DOUGLAS F. CARLSON



1 **I. MY BACKGROUND**

2 My name is Doug Carlson. For the past 12 years, as my
3 primary hobby I have been studying mail-processing operations
4 in the United States Postal Service. By touring postal
5 facilities all over the country, sending test mail to myself,
6 and examining and studying the mail I receive, I have become
7 an expert on mail processing and distribution. I am generally
8 a strong supporter and defender of the Postal Service. Often
9 I use my knowledge of mail processing to educate friends and
10 co-workers on proper addressing techniques so that they can
11 receive better mail service. Other times, I diagnose service
12 problems and work with the Postal Service toward correcting
13 the problems.

14 I began studying the Postal Service while I was in high
15 school in Santa Cruz, California. My interest continued
16 during my college years in the San Francisco Bay Area and the
17 Sacramento area. I received a bachelor's degree in economics
18 from the University of California, Berkeley, in 1990 and a law
19 degree from Berkeley in 1994. I have been employed as an
20 administrative analyst at UC Berkeley since 1994.

21 I live in Emeryville, California. Emeryville is a small
22 city located between two large cities, Berkeley and Oakland.
23 Emeryville is approximately seven miles east of San Francisco
24 via the San Francisco-Oakland Bay Bridge. Prior to living in
25 Emeryville, I resided in Walnut Creek, Davis, Berkeley, and
26 Santa Cruz (in reverse chronological order).

1 **II. MY CURRENT POST-OFFICE-BOX SERVICE**

2 **A. Emeryville**

3 When I decided in June 1995 to move from Walnut Creek to
4 Emeryville, I explored the post offices in the area prior to
5 my move to determine where I would obtain post-office-box
6 service. The Emeryville post office is conveniently located
7 approximately one-half mile from my new residence. However,
8 the box lobby is open until only 6:00 PM Monday through Friday
9 and 3:00 PM on Saturday. The box lobby is closed on Sunday.
10 I doubted that these lobby hours would be sufficient for me,
11 since sometimes I do not arrive home from work or errands
12 until after 6:00 PM. Also, on some weekends I go out of town
13 and am not able to check mail until Saturday evening or
14 Sunday. Especially since I enjoyed 24-hour access to my
15 previous two boxes, in Walnut Creek and Davis, I tentatively
16 decided that the lobby hours in Emeryville would be . . .
17 inadequate.

18 Despite my concerns about lobby hours in Emeryville, I
19 opened a post-office box in Emeryville three months before my
20 move to test the delivery service. The service in Emeryville
21 was terrible. While I was accustomed to consistent overnight
22 delivery of test letters to Walnut Creek, test letters that I
23 mailed to the Emeryville post-office box typically arrived two
24 to four days later. Considering the unreliability of delivery
25 and the short lobby hours, I determined that box service at
26 the Emeryville post office would not be a realistic option.

B. Berkeley

The main post office in Berkeley is located not far from the University of California campus, where I work. As soon as I discovered the delivery problems in Emeryville, I opened a box in Berkeley to test delivery service there. Delivery of first-class letters was excellent. Whenever I mailed two test letters simultaneously, one addressed to Berkeley and one addressed to Emeryville, the letters to Berkeley consistently arrived overnight, while delivery in Emeryville was sporadic. In addition, the box lobby in Berkeley is open until 9:45 PM Monday through Friday, 7:15 PM on Saturday, and 3:45 PM on Sunday. These hours are sufficiently long to allow me to check my mail on almost any day, regardless of how busy my schedule is.

The Berkeley post office is less conveniently located than the Emeryville post office. The Berkeley post office has no parking lot, and on-street parking is difficult. Moreover, most of the parking is metered. While the Berkeley post office is on my way home from work, on most Saturdays I must spend 30 to 45 minutes round trip driving to Berkeley just to obtain my mail. In contrast, I could walk to the Emeryville post office; and if I drove, a large parking lot would be available.

C. Discussion

Due to the delivery problems in Emeryville and the short lobby hours, a post-office box in Emeryville is not a viable option for me. Since I value post-office-box service and do

1 not want to receive my mail at a street address, I have no
2 choice other than to seek box service at another post office.
3 Therefore, I chose the main post office in Berkeley.

4 If the Postal Service imposed a nonresident fee, I would
5 be required to pay an extra \$36 per year for my post-office
6 box. As I explained in section II(A), deficient service at my
7 local post office in Emeryville originally prompted me to
8 obtain a nonresident box. Already I feel that I am at a
9 disadvantage in being unable to obtain satisfactory box
10 service locally in Emeryville (compared to the quality of
11 service residents of other cities receive). The nonresident
12 fee would penalize me again, or place me at a further
13 disadvantage, for taking a reasonable step to avoid the
14 problems in Emeryville. Quite simply, the nonresident fee
15 would be unfair.

16 Moreover, a nonresident fee would be inequitable because
17 people who live two or three miles from me in Berkeley would
18 receive better delivery service and longer lobby hours at no
19 extra cost simply because they happened to be lucky enough to
20 live within the service area of a better post office. I am
21 similarly situated to people who live in Berkeley, yet under
22 the nonresident-fee proposal I would pay approximately 75
23 percent more to obtain the service that Berkeley residents
24 would receive for the basic box fee.

25 Assuming the term "resident" is defined according to
26 witness Susan Needham's definition (USPS-T-7 at 23, lines 20-
27 21 and at 24, lines 1-2), the nonresident fee would be
28 inequitable even for people who live in Berkeley. Berkeley

1 has several stations, each one in a different five-digit ZIP
2 Code area: Elmwood, Landscape, Sather Gate, North Berkeley,
3 South Berkeley, and Station A. All have post-office boxes.
4 However, the stations in Berkeley have hours generally shorter
5 than the hours of the Emeryville post office. People who live
6 in Berkeley but not within the five-digit ZIP Code area of the
7 main post office and who want longer lobby hours would be
8 charged \$36 more per year to obtain the longer hours of access
9 to their boxes that residents in the service area of the main
10 post office receive automatically.

11 The problem with lobby hours is not limited to Emeryville
12 and Berkeley. Residents of Oakland and San Francisco who
13 desire long lobby hours already are at a disadvantage compared
14 to the country in general. According to Witness Lion's
15 testimony, approximately 42 percent of post offices nationwide
16 provide 24-hour access to post-office boxes. USPS-T-4 at 12,
17 Table 8B. Oakland, in contrast, has approximately 15
18 stations, only one of which is open on Sunday or later than
19 3:00 PM on Saturday. Station D is not even open on Saturday.
20 All but two stations in Oakland close at 6:00 PM on weekdays.
21 San Francisco has 20 to 25 stations, only one of which is open
22 on Sunday or later than 4:30 PM on Saturday. All but one
23 station in San Francisco is closed by 6:00 PM on weekdays.
24 Commute times in the Bay Area prevent many people from
25 returning home from work before 6:00 PM. In contrast, in
26 suburban cities, such as Concord and Walnut Creek, or in less-
27 urban counties, such as Sacramento and Yolo, 24-hour access to
28 boxes is common.

1 Since variations in lobby hours nationwide are
2 inevitable--and possibly fully justified--the level of service
3 boxholders receive necessarily varies, too. The nonresident
4 fee would only increase the inequity by applying a surcharge
5 on residents of Oakland and San Francisco who sought longer
6 lobby hours by obtaining box service at a nonlocal post
7 office, either near their local post office or somewhere else.

8
9 **D. Costs I Impose on Postal Service**

10 As a nonresident boxholder in Berkeley, I can hardly be
11 deemed to impose costs on the Postal Service above and beyond
12 the costs a typical resident boxholder would impose. I check
13 my mail daily. I call for accountable and oversized articles
14 promptly. I pay my fees on time. And I do not contribute to
15 lobby clutter.

16 Given that I was on a waiting list for only one week
17 before I received my post-office box, I probably am not
18 preventing in any significant way another person from
19 obtaining box service at the Berkeley main post office.

20
21 **E. Value to Me of My Nonresident Box**

22 In my cross-examination of Witness Needham, Ms. Needham
23 referred to the high value of service that nonresident box
24 customers receive--a value that the Postal Service seems to
25 claim is higher than the value that resident customers
26 receive. Transcript at 833. Of course, no studies have been
27 conducted to compare the value that resident and nonresident
28 boxholders place on their boxes. Transcript at 834. Not

1 surprisingly, I am unable to understand how my post-office-box
2 service is worth \$36 more per year to me than it is to the
3 resident boxholder next to me.

4 Indeed, my nonresident box in Berkeley is worth less to
5 me than my previous resident box in Walnut Creek because
6 service problems exist in Berkeley that did not exist in
7 Walnut Creek. While the service I receive in Berkeley is
8 better than in Emeryville, and delivery of first-class letters
9 in Berkeley is extremely reliable, for the past year I have
10 experienced serious, consistent delivery delays with first-
11 class flats, first-class small parcels, and Priority Mail.

12 First-class flats usually are delivered one to five days
13 later than they should be. After observing problems with
14 flats for over a year, I conducted a modest test of delivery
15 of flats in July 1996 by mailing test flats to myself from
16 within the local, overnight delivery area. All four flats I
17 mailed (on different days) were delayed from one to two days.

18 My participation in this rate case provides another
19 example of delivery problems. The Postal Service mails
20 documents to me daily as flats, using a G-10 permit label.
21 Assuming the Postal Service does, in fact, mail the documents
22 on the same day as they are filed, these flats typically
23 arrive four to ten days later. When I departed from
24 California on September 8 to attend the Postal Rate Commission
25 hearings on September 9-11, I had received no documents more
26 recent than August 28. On September 17, I received flats from
27 the Postal Service that were sent via certified mail from
28 Virginia on September 10, 12, and 13. In addition, on

1 September 17 I received a copy of the transcript of the
2 proceedings that was sent Priority Mail from Washington on
3 September 12. I also received on September 17 a small parcel
4 that was sent via first-class mail from Ashland, Oregon, on
5 September 4.

6 On September 17, I mailed a letter of complaint to the
7 plant manager in Oakland, Carol Miller, and to the Berkeley
8 postmaster, George Banks, requesting a solution to the
9 delivery problems associated with first-class flats.

10 My experience with service problems in Berkeley is
11 evidence that the testimony of Witness Needham and Witness
12 Steidtmann that nonresident boxholders place a higher value on
13 their boxes than resident boxholders is naive and unrealistic.
14 Indeed, by renting a nonresident box I am attempting to escape
15 from service problems in Emeryville; by doing so, of course, I
16 only inherited another type of service problem. To charge me
17 an extra \$36 annual fee for my box in Berkeley because of some
18 unproven, untested assumptions about why people rent
19 nonresident boxes would be unfair and not in the public
20 interest.

21 22 **III. EXPERIENCE OF VALERIE J. HORWITZ**

23 My friend Valerie J. Horwitz received her law degree in
24 1995. She works long hours at a large law firm in downtown
25 San Francisco. During a typical week, she works into the
26 evening or even early-morning hours, and she often works on
27 weekends, too.

1 Before Valerie began working at the law firm, she lived
2 in Richmond, California. One day in 1995, she realized that
3 she had not received any first-class mail for several days.
4 She eventually discovered that the Postal Service had begun
5 returning her mail to the sender, for no reason. Postal
6 officials in Richmond displayed no interest in resolving the
7 problem. Meanwhile, her accounts with creditors became
8 delinquent. Knowing that she would be moving soon, and
9 desperate for an address at which she could receive mail, she
10 obtained a post-office box at the Rincon Finance Station in
11 downtown San Francisco, near her future office.

12 A few months later, Valerie moved to Oakland and started
13 her new job. Her local post office in Oakland, the Laurel
14 Station, provides access to its box lobby until only 6:00 PM
15 on weekdays and 2:30 PM on Saturday. The box lobby is closed
16 on Sunday. If Valerie had her box in Oakland, she probably
17 would be able to pick up her mail only once a week. Also,
18 Valerie's concern about her personal safety probably would
19 preclude nighttime visits to the Laurel Station even if the
20 post office were open. Either way, mail-accumulation problems
21 possibly would result.

22 Since Valerie works long hours and almost always returns
23 home after her post office has closed, she has retained her
24 box in San Francisco. While the box in San Francisco is
25 reasonably convenient during the work week, the box lobby
26 closes at 2:00 PM on Saturday and is closed on Sunday.
27 Therefore, unless she is working in San Francisco on Saturday,

1 she cannot obtain her mail unless she makes a special trip
2 into the city.

3 As I indicated above, Valerie obtained her post-office
4 box out of necessity because of delivery problems in Richmond.
5 She still considers the box to be a necessity. In early
6 August 1996, she received a letter from the Postal Inspection
7 Service informing her that mail destined for addresses in her
8 neighborhood was forcibly taken from a postal vehicle parked
9 in her area on August 1. The letter advised her to be on the
10 lookout for unusual activity in her financial accounts.

11 Valerie feels that a post-office box is the only way to ensure
12 the safety of her mail, especially since the mail usually sits
13 for hours at her house in Oakland each day before she arrives
14 home from work.

15 Valerie believes that the \$36 annual nonresident fee
16 would be arbitrary and unfair because, due to lobby hours the
17 Postal Service has set for the Laurel Station in Oakland, the
18 post office in San Francisco is the only one at which she can
19 obtain box service and still, at least on weekdays, pick up
20 her mail on the same day that the mail is delivered. She does
21 not consider the Laurel Station, with its short lobby hours
22 and unsafe location, to be a viable option. (Therefore, a box
23 at the Laurel Station would be worth less than \$40 per year to
24 her.) Moreover, because of the delivery and security problems
25 she has experienced recently, Valerie does not consider
26 residential delivery to be a realistic option, either. The
27 \$36 nonresident fee would penalize Valerie for taking

1 reasonable steps to remedy a situation that is largely beyond
2 her control.

3
4 **IV. COMMENTER FILE**

5 The Commission has received and placed in the commenter
6 file two letters opposing the proposed nonresident fee. The
7 first letter, from Stephen Holstein, explains that his company
8 is located in ZIP Code 15221 at the farthest point in the
9 15221 area from the post office that served ZIP Code 15221
10 when he opened his post-office box in 1973. (The 15221 area
11 now has a station, too.) He opened his company's post-office
12 box in 15112 instead because:

13 1. His business was (and still is) located geographically
14 closer to the 15112 post office than the 15221 facilities;

15 2. No boxes were available in the desired size at 15221;

16 3. Parking was easier at the 15112 office than the 15221
17 office;

18 4. Traffic was lighter toward the 15112 office than the
19 15221 office.

20 Mr. Holstein considers the nonresident-fee proposal to be
21 "irrational," since the "nonlocal" 15112 post office is, in
22 fact, closer to his business than his "local" 15221 post
23 office. Moreover, he was unable to obtain the size of box he
24 needed at his "local" 15221 post office in 1973, yet if the
25 nonresident fee is approved he now may be penalized for his
26 rational decision in 1973 to obtain box service at a nearby
27 office that was able to provide the service he needed.

1 The second letter in the file arrived from Congressman
2 Mike Doyle of Pennsylvania, who cautions the Commission
3 against "setting up a needless two-tier system that unfairly
4 penalizes some customers."

5
6 **V. CONCLUSION**

7 The Postal Service has presented no study explaining why
8 people obtain or hold nonresident boxes. The proposal for a
9 nonresident fee seems to be based on an assumption that most
10 people obtain nonresident boxes for prestige, business, or
11 convenience reasons that are not related to shortcomings in
12 the service at their local post office. The proposal,
13 however, overlooks cases such as Mr. Holstein's, where he
14 obtained a nonresident box for his business many years ago
15 because the "local" post office had no boxes available in the
16 size he needed. The proposal also would penalize people in
17 the predicament that Valerie Horwitz and I are in. Indeed,
18 instead of confronting these service problems, the Postal
19 Service is proposing to charge us for avoiding these problems
20 by obtaining box service at another post office. This
21 proposal, therefore, is not in the public interest. In
22 addition, by relying only on anecdotal evidence at admittedly
23 atypical post offices, the Postal Service has yet to produce
24 any evidence that the nonresident fee would be fair and
25 equitable, as opposed to unfair and arbitrary, if it were
26 applied at every post office nationwide.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the required participants of record in accordance with section 12 of the Rules of Practice and section 3(B)(3) of the Special Rules of Practice.



DOUGLAS F. CARLSON

September 25, 1996
Emeryville, California